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SPEED PROJECT QUARTERLY REPORT

JANUARY – MARCH 2013

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JANUARY – MARCH 2013

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SPEED Project Quarterly Report

January – March 2013

EXECUTIVE SUMMARY

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grants fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress.

Business environment, trade and investment. The bulk of SPEED's efforts focused on the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, this quarter SPEED worked with the Tax Authority and Customs to improve the country's **foreign trade** systems to help spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's *Doing Business* report. For example, concrete recommendations and reforms at the municipal level in Maputo are estimated to save businesses approximately 130 days to obtain their construction permits.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes both the Executive Director and Senior Advisor to CTA, facilitates strategy-building, and implements many projects jointly.

Agriculture. With ¾ of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture's **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in important initiatives including the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the work on the impact of various taxes and non-fiscal barriers on the sector.

Tourism and biodiversity. SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative).

Democracy and Governance. SPEED's work on democracy and governance this quarter has focused on improving **transparency** around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this quarter SPEED has raised the quality and level of dialogue around the country's **resource boom**, especially around government absorptive capacity. This agenda item will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework that would formalize public participation in the policy process.

Capacity building. This quarter SPEED supported **seven capacity-building events** in support of its technical programs, with a total of around 1,116 participants, including more than 100 women (see Annex 1).

Management and administration. This quarter, Maria Nita Dengo joined the SPEED team as a project manager. Other highlights include the launch of the **Communication for Policy Change** (C4PC) initiative, increased activity on the new SPEED **website**, including several blogs by staff and guest bloggers, support for USAID's **CDCS** assessments for extractive industries, and progress on several **IPEME** grant procurements.

BACKGROUND

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique's economic, legal, and governance systems. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED's [website](#) contains further information and reports published by the project, as well as a number of timely blog posts.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance that builds the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grant fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

SPEED is a four year \$19.4 million project which started in August 2010. Funding obligations for the project equaled approximately \$10,241,506 as of March 2012.

This Document

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the project PMP make specific reference to the PMP stage of reform for ease of cross-referencing between this Quarterly Report and the PMP report.

TECHNICAL ACTIVITIES

Business Environment, Trade and Investment

The bulk of SPEED's efforts focus on working with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, this quarter, SPEED worked with the Tax Authority and Customs to improve the country's **foreign trade** systems will help spur competitiveness and economic growth. At the other

end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's *Doing Business* report. For example, concrete recommendations and reforms at the municipal level in Maputo are estimated to save businesses around 130 days to obtain their construction permits.

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Current quarter results based on previous work. Five initiatives worked on by SPEED in previous quarters have moved forward this quarter: insolvency law, credit bureau decree, anti-corruption legislation, support to EITI-Mozambique, and competition law

Insolvency law

In 2011, SPEED [reviewed the Insolvency Law](#) that authorizes the Government to establish a legal framework for insolvency and business recovery, and it has been before parliament for several years. SPEED conducted a series of activities and workshops to disseminate information about the law. The law has been “stuck” in legislative limbo for several months. On 19 February, the President of the Republic of Mozambique enacted the law. The Government now must to approve a decree-law on this matter. They have 180 days from the date the law was enacted. See this [blog](#) for one perspective.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
6	Insolvency law	Policy	4. Passed

Credit bureau decree

In August 2012, SPEED supported CTA by providing an [expert opinion](#) about the quality of a draft Private Credit Bureau Decree proposed by the Bank of Mozambique. In February 2013, the Decree was submitted to the Council of Ministers, where it awaits approval. The submitted draft incorporated most of CTA's proposed recommendations, with the exception of two issues: 1) the question of quality and confidentiality of the new bureaus' call centers; and 2) clarification on whether foreign companies and/or foreigners can partially or wholly own private credit bureaus. It is hoped that these issues will be addressed appropriately in the regulations once the Decree itself is passed.

Current quarter results based on previous work, cont'd.

Anti-corruption legislation

In 2011, SPEED supported an [analysis of the anti-corruption package](#) under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Public Probity Law (Lei da Probidade Publica). This law, which was passed in May 2012, contains important conflict of interest and declaration of assets provisions that are important for fighting corruption. During the quarter, major steps were taken towards implementation of the law. Some Members of Parliament who were simultaneously presidents of boards of directors and officers of public companies or subsidiaries by the state were forced to leave one of the places as a result of law enforcement. Officials from the Ministry of Civil Service (Ministério da Função Pública), were pioneers in the election of a Commission for Public Ethics also under the fulfillment of the Public Probity Law. Also during the quarter, the deputy Attorney General announced that managers of public institutions cannot hire the services of professional journalists and other media to engage public and private roles of assistants, aides or even press. The law also extends to managers of private companies providing public works contracts with the state.

Support to EITI-Mozambique

SPEED provided assistance to the Mozambique EITI Secretariat to produce 7,000 copies of a glossy booklet (in English and Portuguese) containing a summary of the report. The purpose of the booklet was to make the information from the 2nd Reconciliation Report more easily accessible to the public. Mozambique was declared “EITI compliant” by the EITI Board on 26 October 2012, which means that the country has an effective process for annual disclosure and reconciliation of all revenue from its extractive sector. During the quarter, Mozambique started following and implementing the determinations of being an EITI member.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
21	EIT policy	Policy	5. Implementation begun

Competition law

The Ministry of Industry and Trade prepared a draft Competition Law in 2007 to build on earlier reforms around free trade and competition. On behalf of CTA, SPEED prepared comments on the draft law in 2010, which was passed by the Council of Ministers and then submitted for parliamentary approval. During the quarter, parliament approved the draft Competition Law. After approval by parliament, the President enacted and published the approved Law. The new Law is expected to open up some sectors to private business and offer greater openness to potential investors. The law provides for the creation of a regulatory body, with powers of supervision, regulation and sanction, in order to ensure compliance with appropriate competition rules.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
9	Competition law	Policy	4. Passed

Partnership for Trade Facilitation

Context. Following the recommendations from WTO, WCO and others, Mozambique has been carrying out a number of customs reforms for facilitating trade. But despite efforts made so far, reports such as [Doing Business](#) report from World Bank are still finding procedural difficulties, time delays and high costs in the processes for importing and exporting goods from Mozambique. To reinforce ongoing reform efforts in Mozambique and in line with USAID's Partnership for Trade Facilitation Program, the Mozambique Revenue Authority proposed technical assistance in three areas: Internet Publication, Pre-arrival Processing and Pre-shipment Inspection. The Internet Publication component is the only one being implemented so far. Last quarter, SPEED conducted a survey with the purpose of investigating the perception and opinion of economic operators and all stakeholders regarding the availability and quality of information about customs legislation, procedures and declaration models as well as the usability, reliability and efficiency of the relevant websites for trading across borders. With the introduction of the Single Electronic Window (SEW) system in Mozambique, Pre-arrival Processing has lost relevance, as the SEW system is able to process goods as fast and efficiently.

This quarter. Internet Publication is the only component of PTF being implemented, but ToRs have been drafted for the other two components. Due to its lower current relevance, Pre-arrival Processing is being replaced by Capitalization of the Transit Trade Regime (new customs transit module) under PTF. Capitalization of Transit Trade Regime aims to disseminate the new transit trade legislation and capacity building of transit agents in order to improve and facilitate transit trade and transshipment operations in the country.

On Internet Publication, SPEED finalized the report of the [perception and opinion survey](#) on international trade information availability (and also posted a [blog](#) on the topic). The report highlights the need for improving the quality and accessibility of trade related information. Findings and recommendations from the survey will be used as basis for inventorying trade related information and legislation to be made available on the website. The IT firm MzBusiness has been selected to redesign the Tax Authority website and make it into a portal on international trade. The National Institute of Information Technology (INTIC) and Tax Authority officials were involved in the selection process. The creation of the website will also involve training of officials and IT personnel to maintain the website as well as acquisition of necessary equipment. SPEED has developed ToRs to hire a Content Specialist who will work closely with MzBusiness. His/her main task will be to identify and systematically organize all customs legislation, procedures, declarative models and customs management instruments, as well as other relevant information relating to trading across borders that are going to be made available online.

On Transit Trade, the Tax Authority presented the proposal document on Capitalization of the Transit Customs Regime (new customs transit module) and after analysis, SPEED is going to draft ToRs for the implementation of this component. Approval of ToRs and implementation are expected next quarter.

On Pre-shipment Inspection, the Tax Authority has not yet selected a consultant from the list of three consultants that was sent to them. The consultant is expected to conduct the assessment of the impact of Pre-shipment Inspection in Mozambique.

Results. A report of the perception and opinion survey was finalized, presented for consultation, approved and made available online.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
35	International trade website	Admin Procedures	2. Presented for consultation
			3. Presented for legislation
			4. Passed

Next steps. On Internet Publication, the hiring process of MzBusiness will be finalized and work will start on the design of a portal on international trade. They will work together with a Content Specialist who will identify and organize all trade related information to be made available online. On Transit trade, ToRs will be finalized and approved, after which there will be activities for the implementation of the component. A Pre-shipment Inspection assessment shall be conducted after selection of consultant by the Tax Authority.

Janela Unica (Single Electronic Window) review

Context. In 2009, the GoM made a series of important decisions aimed at streamlining trade procedures. The adoption of a Single Electronic Window (Janela Unica) system is probably the most important decision taken in this framework. The new system seeks to tie together entire stakeholder and client trading communities both nationally and internationally. The implementation of the SEW begun in September 2011. So far, only parts of the five modules of the SEW are operational, but not fully implemented. In April 2012, the SEW became mandatory and SPEED received feedback a number of private sector sources voicing concerns subsequent to its roll-out in ever more parts of the country. ASIC, a prominent business association, asked for SPEED's support in reviewing the experience with the Janela Unica to date.

This quarter. SPEED met with the Tax Authority several times to ensure that [the assessment](#) was not only well received by them but also to guarantee they would actively participate in two dissemination and discussion workshops. SPEED assisted ACIS to deliver two workshops (in Maputo and Beira) where the study was presented and discussed with the main stakeholders. The

workshops overall involved some 100 company representatives and had active participation from all participants. The Tax Authority and Customs and the Association of Mozambique's Customs Clearance Agents made very positive written comments which triggered enthusiastic participation. Overall the participants are very positive about the Janela Unica and have high hopes that will expedite customs clearance of imports and exports. The main concerns were related to other government agencies that will be part of the clearance process and need to be rapidly integrated in the computer system that MCNet is launching for Customs. The second important concern raised during the workshops relate to the need for completion of Janela Unica components that still have to be launched. The workshops also stressed the need that having a computerized customs clearance system should imply that Customs and other government agencies need to set their systems to respond on a 24/7 basis and not only during regular government working-hours. Customs and other agencies were quite positive guaranteeing that they will respond rapidly to this demand.

The [report](#) was finalized by the consultant and its final version has been uploaded on SPEED's website in English and Portuguese as well as summary notes and presentations. All documents can be downloaded [here](#). Also, two blogs were posted by SPEED on the Janela Unica, [one](#) about the single electronic window itself and [another](#) about the response from stakeholders.

Results. The work was submitted for public consultation approval by Customs. Customs agrees overall with the various recommendations. Implementation should now be faster and smoother, making it easier for importers and exporters. The report and the workshops also enabled the companies to better see how Janela Unica works, its importance and how it will assist them expediting imports and exports across the borders in a more transparent manner.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
36	Single Electronic Window procedures	Admin Procedures	2. Presented for consultation 3. Presented for legislation

Next steps: No new next steps are expected but SPEED and ACIS will keep an eye on the roll-out of such an important policy instrument. SPEED might work together with the Tax Authority, CTA and ACIS to look into further efficiency gains of Janela Unica. Also, under the PTF project (see above), SPEED will work to help roll out the transit / transshipment model.

Streamlining the construction license process in Maputo

Context. The process for issuing construction permits has been identified by the private sector as an important obstacle impeding the easing of doing of business in Mozambique. [According to the Doing Business report](#), it currently takes the average business person 380 days to obtain a

construction permit. Currently, Mozambique ranks 126th in obtaining a construction permit among 183 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country's ranking to the 72nd position. SPEED began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October 2011. This earlier work identified a series of recommendations divided into two categories: short-term (low-hanging fruit) and long-term. The short-term reforms have already been implemented and the longer term recommendations are currently under implementation.

This quarter. SPEED hired two consultants to design a working business process management system and create a database that supports a file tracking system and installation of computing equipment and connecting the network system. Under this support, SPEED also provided an In-Kind Grant composed by IT equipment to the DUC department in an event honored by the presence of H.E. the President of the Municipal Council of Maputo and the U.S. Ambassador.

SPEED also hired a statistics consultant to perform a time-and-motion impact analysis on the implementation process of short-term reforms through quantitative and comparative analysis before and after the implementation.

Results. SPEED estimates significant impact of the project based on previous reforms. However, the validation of that impact is underway. More time and cost savings can be expected with further automation of processes.

Next steps. SPEED will continue to supervise the work of the three consultants contracted for this assignment and will also continue work with the Municipality on the implementation of other recommended reforms.

Making it easier to pay taxes

Context. Paying taxes was one of the indicators showing no progress in the *Doing Business 2012* report. In fact, the country experienced no progress over the previous three years. According to this report, an average firm makes 37 tax payments per year, spends 230 hours a year filing, preparing and paying taxes and pays a total tax rate as a percent of profit of 34.3%. While taxes are essential to fund public services and infrastructure (among other expenses), if it is difficult and costly to pay taxes and a great share of economic activity ends up in the informal sector which pays no taxes at all. This could be the case in Mozambique. At the same time, CTA identified simplifying and reducing the number of tax payments as one of its priorities in its Policy Matrix for 2012.

In order to streamline the tax payment system in Mozambique, SPEED carried out a comprehensive study looking at: (i) the time and cost for companies to comply with tax obligations, (ii) tax payments that can be combined to reducing the number of payments over the course of a year, and (iii) possible impacts of such streamlining.

This quarter. This quarter, the consultant finalized the report and presented it to development partners of Private Sector working group.

Results. Analysis was completed, otherwise no concrete results yet. The tax payment improvements contained in the report promise to yield significant savings to the private sector.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
37	Tax payments procedures	Admin Procedures	1. Analyzed

Next steps: Present the report to the High Council of the Tax Authority (TA) and present the report for consultation in a workshop. Also, work with TA to implement the identified reforms.

Streamlining application forms for starting a business

Context. Of the various indicators used to classify a country in the Doing Business ranking, *Starting a Business*, is one of the most relevant. The *Starting a Business* indicator is about all procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete them and the paid-in minimum capital requirement. There are unnecessary procedures to commence work under the normal licensing of private sector companies in Mozambique. A simple integration of registration forms will reduce procedures from nine to three. The number of days for starting a business will likely reduce to seven from the current thirteen and costs will likely come down. This simple reform could promote the creation of more jobs in the private sector, also generating more revenue for the government. It would also improve the country's position in the doing business ranking. This activity is also being undertaken in line with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs* (*Balcao de Atendimento Unico*).

This quarter. SPEED hired the law firm Sal & Caldeira (S&C) to streamline application forms for starting a business in Mozambique, taking into account the harmonization of the various public institutions involved. A preliminary draft report was submitted to SPEED along with the new proposed application forms for starting a business.

A workshop was held to discuss the proposed application forms and flowchart as well as a probable pilot phase for the trial and introduction of the new forms. Some members of the

GIRBI, CTA and other involved stakeholders attended the workshop. A second [draft report](#) was prepared by the consultants after incorporation of comments from the workshop.

Results. A report and new application forms for starting a business were developed and presented for consultation.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
40	Streamlining application forms for starting a business	Regulation	1. Analyzed
			2. Presented for consultation

Next steps. The new draft will be circulated for comments by members of the GIRBI. Following the second consultation process, the consultants will produce a final draft report that will be submitted for legislation/approval. The forms are expected to be approved and implemented as a pilot in Maputo by next quarter. Consultants will also suggest legislative reforms that must be undertaken in order to implement the new applications forms for starting a business.

Business registration computers

Context. The Mozambican government has recognized the need to: simplify procedures inherent to the constitution and registration of commercial companies; approve the creation of a single record in the country for legal entities; as well establish a one-stop shop as an immediate solution to encourage and stimulate private sector development and attract investment. This act of registration is done by the Registrar of Registration of Legal Entities, an institution under the Ministry of Justice which has the overall aim of streamlining and simplifying administrative procedures. For this purpose, it was necessary to create a central system for data collecting and recording, an effort that is still ongoing.

This quarter. SPEED began the procurement process to acquire computers for the business registration agency to accelerate the registration process as part of the Government's strategy for improving the country's Doing Business ranking.

Results. None yet, although initial needs analysis has been conducted.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
44	Streamlining business registration	Admin Procedures	1. Analyzed
			4. Passed

Next steps. SPEED will continue working with the Registrar of Registration of Legal Entities on the implementation of the central system for data collection and also on development of

mechanism that will enable to assess the impact of the reforms, as well as provide a baseline for measuring future impact.

Business environment annual strategy – EMAN II

Context. In 2008, the GoM approved the Business Enabling Environment Strategy (EMAN), which sets forth its commitment to improving the overall enabling environment for private sector growth. Since then, Mozambique has made some improvements to the business environment resulting from legislative and administrative changes that streamlined processes. Nevertheless, the overall pace and depth of reform are still slow. Mozambique's business environment remains restrictive for private sector enterprises. In SADC region, the country remains as one of the worst ranked countries (for instance, by Doing Business), notwithstanding the GoM's ambitious target of turning the country into the best ranked country in the region by 2015.

This quarter. Contractual arrangements to hire an international consultant were finalized. He was hired to contribute with a memo on international best practices and recommendations. The main national consultant on EMAN II, hired by GIZ, developed a draft strategy proposal and activities matrix that was circulated by MIC/DASP to different stakeholders for comments. Although the consultation process is still being carried out, there was a general perception that the document needed improvement. Consultation workshops were cancelled and after a series of meetings, it was decided that there is a need to redefine the main strategic areas for the EMAN II strategy and come up with a working template. After that, there will be a retreat to work on the template, define activities, indicators, responsibilities and the monitoring of such activities. The international consultant is still expected to bring substantial input to the document. In addition, SPEED posted a [blog](#) on the topic of Mozambique's drop in the Doing Business ranking.

Results. None yet.

Next steps. A retreat will be held to improve the EMAN II document and matrix. It will be followed by a consultation process. The final version of the document will be submitted for approval by the Government.

Institutional support to CTA

Context. CTA is the primary private sector counterpart that advocates for policy change with Government. It has received institutional capacity building support from USAID over the past decade and is a key SPEED partner. To strengthen the quality of services provided to its membership, SPEED is providing capacity support to CTA in the form of two staff members –

the Executive Director and a Policy Analyst. With this additional staff, CTA will be more effective in engaging the government in policy dialogue on behalf of the private sector.

This quarter. This quarter, SPEED-supported highlights included the annual private sector conference with the President of Mozambique, a strategic retreat, and a change management consultancy.

In March 2013, CTA organized the XIII Private Sector Conference chaired by Mr. President to discuss the business environment in Mozambique and other issues of interest for private sector development. The two main themes were: Natural Resources Boom and Business Environment. Invited speakers from abroad included Trevor Manuel the former Minister of Finance of South Africa and Rodney Jagai from Trinidad & Tobago to talk about the Natural Resources Boom and its implications. The conference highlighted the need to do more to improve the business environment and incorporate SME's, the agriculture & tourism sectors as they can increase job creation. On the natural resources boom the discussion focused ensuring that Mozambicans should feel the impact of the earnings coming from this sector.

To build its team, address a number of organizational constraints and align on its 2013 strategy, CTA convened a two-day retreat with key staff and partners. In the wake of the retreat, SPEED supported a two-month change management consultancy which reviewed CTA's strategic plan, the role of every manager and unit, and the respective roles of the staff and board. The consultancy is expected to result in a roadmap that will guide the change management process.

Results. 800 people attended the private sector conference from all over the country, and the President Armando Emílio Guebuza attended the conference staying there whole day. The retreat helped clarify a number of strategic and organizational issues which were folded into the change management consultancy.

Next steps. CTA will set up a new Working Committee on the natural resources sector, and consider the pros and cons of developing a regulatory framework that will help the SME's to benefit from the natural resources boom. On the organizational side, the change management consultancy will result in an agreed implementation plan, clear role of each member of the staff, clear role of the Board and the management team, and a work plan for each unit at CTA.

Support to Tiri Pamodzi

Context. Tiri Pamodzi is a new foundation targeting private sector development, women's empowerment in business, youth entrepreneurship and the impact of HIV/AIDS on business. SPEED's support to Tiri Pamodzi has two components. The first component entails technical assistance aimed at helping Tiri Pamodzi prepare its business plan and accompanying resource mobilization plan. The second component comprises a SPEED grant to acquire basic office

equipment, thus enabling the foundation to implement its business plan and objectives, as well assist Tiri Pamodzi develop its training center.

This quarter. SPEED began the process of acquiring computers and other training materials for the training center which will help Tiri Pamodzi to implement its business.

Results. With improved business plan, Tiri Pamodzi is designing projects that will allow them to mobilize resources which can make them self-sustainable.

Next steps. No new assistance to Tiri Pamodzi has been identified at this stage.

CACM Grant to introduce informal arbitration

Context. In recent years, the number of conflicts between companies has increased, as have the time and expense to resolve business disputes and enforcement of commercial contracts. These trends represent a major barrier to development, sustainability and competitiveness in business. The Center for Arbitration, Conciliation and Mediation (CACM) is a nonprofit institution under the aegis of the CTA, formed to encourage and provide access to alternative and appropriate mechanisms for resolving disputes. Dispute resolution systems provide a better solution to businesspeople since they are rapid, economical and fair. SPEED agreed to provide a grant to CACM to implement the following activities:

- Resolution of conflicts
- Prevention of conflicts
- Training of mediators and arbitrators
- Providing public information on alternative mechanisms for conflict resolution
- Expanding the culture of arbitration to other geographic areas and activities
- Connecting with other regional and international forums of mediation and arbitration.

This quarter. No activity this quarter, although technically this is still an active grant.

Results. Across the country, alternative methods of conflict resolution in areas such as employment negotiations were made available for the first time. The number of reported cases increased, and two new processes with applications for arbitration ended with agreements between the parties. These included a screening process for arbitrators and a screening process for the two parties as well.

Next steps. The CACM grant is ending and no additional funds will likely be granted for this activity. SPEED will continue helping CACM to find viable alternatives to make the organization financially sustainable.

Support to MIC participation in SADC meeting phase I

Context/this quarter. SADC and the European Union have entered into a number of agreements around trade, investment, taxes, certificates, access to EU markets, etc. SPEED supported the participation of three senior MIC staff at a meeting to follow up on these agreements.

Results/next steps. The legal draft of agreements reached at the meeting will be submitted in February 2013 and presented at the next meeting in March 2013.

Support to MIC participation in SADC meeting II

Context/this quarter. SADC and the European Union have entered into a number of agreements around trade, investment, taxes, certificates, access to EU markets, etc. SPEED supported the participation of three senior MIC staff at a meeting to follow up on these agreements.

Results/next steps. This is a follow up of the previous meeting held in Gaborone in February. In the framework of the negotiations was requested to postpone the dates for the presentation of legal draft of agreements between SADC and EU for next meeting in June, due the lack of time for consultations with private sector and civil society in the SADC region.

Support to MIC participation in India|Africa Partnership meeting

Context/this quarter. Mozambique has a several trade agreements with India in this quarter a delegation composed by seven Ministers, businessmen and Government officials participated in a conference on "Reviving Economic Growth: Reforms and Governance", in the context of strengthening cooperative relations at governmental and corporate and dissemination of business opportunities and existing investments in African countries and India.

Results/ next steps. The team established public and private partnerships across several sectors such as agriculture, education, health, skill building and infrastructure. The trip kicked off a process of enabling business linkages between India and Mozambique. This work involved establishing a joint chamber of commerce by preparing and consolidating by laws, agreements, membership lists, activity programs and financial statements.

Agriculture

With $\frac{3}{4}$ of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture's **Senior Economic Advisor** to the

Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in such important initiatives as the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the work on the impact of various taxes and non-fiscal barriers on the sector.

Recommendations on taxes in agriculture

Context. Mozambique's agricultural production reaches about one-quarter of GDP, while it incorporates three-quarters of the population. Yields are low and stagnated for over 30 years. Poverty reduction has also stagnated since 2002-03, despite overall economic growth averaging approximately 7 percent per year over the last 15 years. The country is determined to overcome this situation. To achieve this desire the Government has approved several incentives for the agriculture sector including livestock and forestry which include VAT exemption for the first transactions, 80% reduction on the Corporate Income Tax, 50% reduction on the excise tax paid on fuel, duties and VAT exemptions on the imports of equipment, and spare parts for this sector, VAT exemption on several inputs among other incentives. However, discussions with the private sector and other stakeholders have revealed a sense that these tax benefits do not protect domestic production and could even be hurting it.

Building on earlier work, SPEED worked with CTA to produce and [publish a paper on the SPEED website](#) in English and Portuguese. Two of the most important recommendations from the study were:

- Develop and approve invoices/receipts that may be issued by purchasing companies on behalf of smallholder farmers (suppliers) who are not registered taxpayers;
- Eliminate the simplified VAT regime, replacing it with the current ISPC (Simplified Tax for Small Taxpayers).

These recommendations have been included in the policy commitments by the GOM under the New Alliance for Food Security and Nutrition. This commitment provides extra impetus for implementation.

This quarter. Following public seminars on the study, SPEED has held a series of meetings with the Tax Authority to define a road map for implementation of these two recommendations. These discussions revealed that the changes sought require alterations to the VAT code, corporate income tax law, and individual income tax law, which may constrain rapid implementation.

Results. None over the quarter.

Next steps. Waiting on a course of action to be decided by and discussed with the Tax Authority, and ascertain whether there is truly a need for parliamentary approval to implement some of the identified reforms. Complete impact assessment work. The worst case scenario would be to wait for parliamentary approval (last quarter of 2014) and move forward from there.

Non-Fiscal Barriers to Agriculture

Context. During the course of the two tax-related assessments (see above), SPEED interviewers reported many other problems facing the agriculture sector beyond tax issues. To delve further into this issue, SPEED was requested by CTA to identify those other problems and come out with key recommendations to overcome them.

This quarter. A final draft of the matrix was submitted and a joint SPEED/CTA team worked to improve the findings and recommendations. A workshop was held in Beira to obtain feedback from key stakeholders, as well as launch a public debate on this critical topic for agriculture development.

Results. The preliminary analysis has been completed and presented for consultation.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
43	Non-tax barriers to agriculture	Policy	1. Analyzed
			2. Presented for consultation

Next steps. The next version of the document should focus more on triangulating the perspectives of more sources and also according the demand of each province, including the CTA working group on agriculture, improving on domestic trade, gasoline taxes, transport taxes, quantify the potential impact of key recommendations, etc. Next quarter, consultation and validation workshops will be held in Maputo, Nampula, Manica and Zambezia, together with other USAID-funded projects, the Ministry of Agriculture, and the FENAGRI-National federation of farmers.

Development of agriculture investment plan

Context. In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA). Subsequently, in December 2011 the government, with development partners, signed the CAADP Compact. To operationalize the above initiatives, in January 2012 the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and SPEED provided a senior economic advisor to coordinate

the process. Under the senior economic advisor's coordination and with FAO's methodological guidance a technical team started working in February 2012.

This Quarter: In preparation for the launch of the Investment Plan, several meetings with development partners and several stakeholders were held and one meeting with the Head of Missions to take stock and assess the level of support of development partners to the Investment plan was held. These helped in clearing all the issues related to the quality of the Investment Plan and to overall sector policy and policy implementation, including the concerns raised by some development partners regarding the management of and the alleged corruption in the forest and timber industry.

Results. Pledges in support to the implementation of the Investment Plan were made, totaling US\$ 800 million for the first two to three years.

Next steps. As agreed at the preparatory meetings with development partners the next steps will be: a) refine the PNISA taking into consideration the level of pledges for funding; b) develop a monitoring and evaluation mechanism with clear indicators to measure the results of implementation of PNISA; c) institutionalize the Joint Sector Review Committee comprising government ministries, development partners and national stakeholders (producers, civil society, academia). This Committee is expected to hold its first meeting on June 2013; d) develop and agree on a disbursement mechanism of the pledged funds between government of Mozambique and development partners.

Through the senior economic advisor, SPEED will continue playing a critical role in resource mobilization and facilitating communication between MINAG and PNISA donors and private investors.

Grow Africa / New Alliance for Food Security in Africa

Context. Following on the CAADP Compact's efforts, in 2010 the African Union, NEPAD and the World Economic Forum launched the "New Vision for African Agriculture" – also known as "Grow Africa" – aimed at boosting private investment to develop and transform African agriculture and fight against food insecurity and poverty on the continent. The group of the world's eight most industrialized countries (G8) also launched the New Alliance for Food Security and Nutrition in Africa in May 2012.

Mozambique and seven other African countries are pilot countries to be supported under Grow Africa. Beneficiary countries prepared and presented concrete business and investment opportunities that were showcased at the Grow Africa investment conference in Addis Ababa, Ethiopia in May 2012. Beneficiary countries are also required to set up a follow up mechanism with companies that have shown interest in investing in these countries.

With regard to the G8 New Alliance for Food Security and Nutrition, Mozambique and six other African countries are considered “vanguard countries” to benefit from this initiative.

This initiative requires countries to commit themselves to improving the business environment through implementation of an agreed set of policy reforms (including some SPEED-promoted reforms). The G8 countries undertake to provide financial support and to mobilize international private investment. The private sector is expected to make investment commitments in the agriculture sector in partner African countries. USAID and JICA are the coordinating partners for Mozambique in this process.

This quarter. Through the senior economic advisor, SPEED continued to provide the necessary support to the Minister of Agriculture in steering this process ahead, working closely with USAID and JICA country offices as the coordinating/lead donors. This quarter, the main activity was to prepare for the official launch of the New Alliance for Food Security and Nutrition in Mozambique to be held in April 2013.

Results. Mozambique is now a full partner of the New Alliance for Food Security and Nutrition, and implementation began this quarter. Under this initiative, Mozambique expects to mobilize more than one billion dollars for the agriculture sector from the New Alliance for Food Security initiative. The private sector is contributing significantly. So far, seven companies have issued letters of intent and four have registered as legal entities in Mozambique with investment and corporate social responsibility initiatives in the agriculture sector. For example, Cargill has opened a representation office in Mozambique and has named a Country Operations Director. Along with this decision, the company has allocated \$1.35 million budget for corporate social responsibility projects to support smallholder farmers.

It is worth noting that under the Cooperation Framework, Mozambique was able to mobilize USD 333 million from the G8 countries and over USD 500 million in pledges from 19 national and multinational companies.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
41	Agriculture policy commitments under	Policy	5. Implementation begun

Next steps. A roadmap for the implementation of government, G8 partners and private sector commitments will be adopted at the end of the April meeting. It was agreed to hold review meeting every six month to take stock of the implementation of the agreed commitments. This will be done in line with the Joint Sector Review of the implementation of the National Investment Plan (PNISA).

After the launch of the New Alliance, it will be critical for Mozambique to continue the path of implementation of its policy commitments and the Economic Advisor will continue assisting in

tracking the implementation of these commitments by different government institutions. Likewise, it will be fundamental to identify the areas in of the agriculture sector that can be supported by the Enabling Actions under the New Alliance.

In the immediate term, Ministry of Agriculture will have to prepare and participate in two important events: the G8 Open Date event in Washington (29-30 April 2013) and Grow Africa Investment Forum in Cape Town (8-9 May 2031).

MOA capacity-building (Senior Advisor)

Context. The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MoA. SPEED was asked to provide one of its professionals to MoA in 2011.

This quarter. One of the main contributions of the SPEED-sponsored senior economic advisor to the Minister of Agriculture has been the completion of the investment plan as well as the improvement of the MoA-donor relations, in particular the relationship with USAID. On the other hand the economic advisor was critical in the Grow Africa/ New Alliance process for Mozambique. He provided the necessary link between the Ministry and the G8 coordinating countries (USA and Japan) and with the corporations participating in the New Alliance.

The senior economic advisor was played a critical role in organizing and convening the preparatory meeting at technical and political high levels for both the launch of the PNISA and the launch of the G8 New Alliance to be held in early April 2013.

Results. The relationship between the Ministry of Agriculture and the development partners has improved significantly as a result of the presence and work of the economic advisor at the Ministry.

Mozambique has made great progress in several international initiatives thanks to the contribution of the SPEED Senior Advisor. In addition, feedback from the Minister indicates that Mr. Siteo has become a highly trusted advisor, who has accompanied him to several high-profile international events.

Next Steps. During the coming quarter, it will be fundamental to harness the momentum generated by the upcoming events in April in the agriculture sector, namely the launch of the PNISA and New Alliance. The economic advisor will focus his work on implementing the agreed roadmap for the G8 New alliance process as well as agreed steps under the CAADP

Investment Plan and will continue working on improving the relationship between Ministry of Agriculture and the development partners through the institutionalization of the dialogue mechanism (Joint Sector Review Committee).

Global Agriculture and Food Security Forum

Context/This quarter. Through the senior economic advisor Speed assisted the Ministry of Agriculture in the preparation of the Mozambican ministerial delegation to the Global Forum for Food and Agriculture and to 5th Berlin Agriculture Ministers' Summit and in the Second AGCO Annual Africa Agriculture Summit. SPEED was also asked to paid for the participation of the economic advisor in these events to assist the Minister. This was the second time that Minister of Agriculture participated in these events.

Results/Next steps. The main outcome of these events was the Berlin Declaration on several issues pertaining agriculture and food security focussing on the need to facilitate foreign private investment, the enforcement of the implementation of the Guidelines on Responsible Investment in Agriculture and Food Production. Mozambique and Germany agreed to hold a business round table in June 2013 to promote investment opportunities in agriculture sector in Mozambique. Consultations in preparation of this event s are underway. It is expected that this event will contribute to the unlocking of Germany private investment in agriculture in Mozambique. Following the Cabinet approval of the Round Table Concept paper presented by the Ministry of Agriculture SPEED is expected to assist the preparation of Mozambique for this event which is scheduled to take place in June 2013, in Berlin.

Tourism and Biodiversity

SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative).

Open Skies initiative

Context. There is a worldwide trend for countries to reduce government interference and regulation in commercial air services and open the sector to competition. Mozambique is moving

towards liberalizing this market, but progress has been slow. CTA wishes to better understand the impediments that may be causing this slow liberalization. Although a few attempts exist to look into the impact of liberalization on the air-transport market and synergies for development of tourism and other sectors, these studies remain too “high-level” and difficult to implement. CTA seeks concrete, specific recommendations to accelerate liberalization, highlighting the potential impact for growth in other sectors.

This quarter. The aviation economist got sick and hospitalized and the cost-benefit analysis remained pending. Taking this into account and with USAID agreement, SPEED proposed to recruit a new aviation economist. The recruitment process is now rolling.

Results. The first round of analysis was completed, but no actual policy results yet.

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
38	Open skies	Policy	1. Analyzed

Next steps: A highly consultative process should result in a policy paper on air transport liberalization towards the end of May for discussions with CTA and other stakeholders. After that, next steps may include issuing or amending legislation, training of staff and capacity building activities, among others still to be determined.

Arco Norte Tourism Development Corporation

Context. The purpose of this project is to create a public-private partnership that will enable comprehensive and integrated tourism development in the Arco Norte region of Mozambique. At the request of Instituto Nacional do Turismo (INATUR), which has been designated by the Ministry of Tourism (MITUR) as its implementing arm for the Arco Norte Project, the completion of Phase 1 of the technical assistance program was extended from July to September 2012. Unfortunately, the extension was adversely impacted by preparations for the 10th Frelimo Congress. It was practically impossible to get the attention of key officials of the Promoter Group institutions, needed to make necessary decisions to progress with the objective of operationalizing the ANTDC. Consequently, the September deadline for completion of Phase 1 activities expired without the final deliverable of securing a shareholders’ agreement to incorporate the ANTDC. The post congress Cabinet reshuffle also meant the investiture of a new Minister who needed to go on a learning curve and time to settle into the saddle.

This quarter. The project is formally on hold. However, a number of activities were undertaken to set the stage for pushing the initiative forward in the near future. These include a) discussions with the President of Pemba Municipality and the Minister of Tourism about the way forward on the project and the urgent need to complete the masterplan and build capacity to address

pressures on uncontrolled development; b) briefing of new Provincial Director of Tourism on the project; c) meeting with the Minister of Tourism to stress the need for urgent action to address a number of strategic issues critical for the immediate and long-term success of the project (uncontrolled development, infrastructure deficiencies, threats to Pemba Bay, lack of leadership of INATUR, quick wins for the Pemba ZIT, including the Wimbe Mall Catalytic Project, and the rationale for a PPP approach to tourism development via ANTDC.

Results. A change in INATUR leadership opens up opportunities to re-open the project. The Minister has asked INATUR to work with the ANTDC project consultant to come up with a quick “Solutions and Results” strategy to deliver on the project.

Next steps. Brief the new Director General of INATUR on the status of the project and a proposed way forward.

This quarter. The project is formally on hold. However, a number of activities were undertaken:

- I. Meeting with the President of the Municipality in January to discuss the way forward with the project. It was agreed that the Municipality will exercise greater stewardship of the project and directly discuss its concerns about the lack of progress, particularly in completing the Pemba masterplan and the urgent need for technical assistance to address the growing pressure on the city’s infrastructure and from uncontrolled development, with His Excellency the Minister of Tourism.
- II. Courtesy call and briefing of the new Provincial Director of Tourism Ms. Fatima Romeiro, on the project and obtain her full commitment and support.
- III. Meeting with the Minister of Tourism His Excellency Carvalho Muaria, at which attention and the need for urgent action to address the following strategic issues critical to the immediate and long term success of the TA programme were discussed:
 - Arresting and reversing the continuing spate of uncontrolled development in Pemba;
 - The water supply deficit, the rapid deterioration of existing infrastructure and supply of bulk services and the erratic power supply situation;
 - Major threats to the Pemba Bay from discharge of raw sewerage and uncoordinated plans to develop port(s) and terminals on the bay to service the hydrocarbon industry;
 - Lack of integration of Government’s development policy in Pemba due to the absence and total failure of INATUR to provide any coordination and leadership, which is a role assigned to it under the ZIT law;
 - A strategy to assure the \$46 million “Quick-Win” Wimbe Mall Catalytic Project that can demonstrate and set the standards for developments in the Pemba ZIT, create some 1,200 immediate jobs during construction; and
 - Rationale and the urgent need for incorporation of ANTDC and create a PPP framework for addressing the issues noted supra.

Results. The key results is that the Minister and the new Councillors in Pemba are better and well informed on the project, the TA, the challenges and solutions that must be implemented. There is palpable evidence that the Minister is demanding performance by his team and has begun the process of making the necessary personnel changes to assure a winning team. A second result is that there is growing interest on the part of the Councillors to have the city develop in an orderly manner and pressure from the Municipality of Pemba to have the Pemba Masterplan.

Next steps. The Ministry to set up a Project Management Team to take over role of INATUR and complete TA delivery activities; completion of Phase 1 Report; and revision and development of a Phase 2 Scope of Works for project implementation.

Gorongosa workshop

Context. Mount Gorongosa is part of the Gorongosa National Park and the Gorongosa Restoration Project (GRP). Mount Gorongosa's rain forest is an ecosystem of tremendous biodiversity and a treasure of Mozambique. There are human communities living on the mountain who have rich and unique cultural traditions, but need income generating opportunities for their health and well-being.

This quarter. The Mount Gorongosa Workshop was held in Maputo, Mozambique from February 18 – 20, 2013. Twenty-five participants attended representing the Ministry of Tourism, Gorongosa Restoration Project (GRP), USAID, and resource speakers who have been working to integrate conservation, communities and economic development opportunities around the world (Africa, Asia and Latin America). The goal of the workshop was to explore interventions to address the loss and degradation of biodiversity on Mount Gorongosa, especially above 700 meters. Specifically the workshop looked at how to address livelihoods issues by focusing on learning about product opportunities and the conditions needed to be successful in using an income generating-based strategy to achieve conservation goals. Special attention was given to coffee and other products that could conserve the forest, especially above 700 meters on Mount Gorongosa or be grown in the buffer area and reduce unsustainable human activity.

Results. None yet, but the workshop is the basis for a project to be developed. Specifically the workshop allowed the GRP to learn how to best introduce product options, identified some strong product opportunities, and articulated next steps to fill gaps on knowledge and design for pilot activities on the mountain.

Next steps. Next steps include the GRP team developing a strategic plan that will look at management plans for the different zones (core, buffer, etc), identifying the expertise needed for implementation, and working to find potential private sector partners for their agricultural activities. While the GRP realizes agricultural production has to be addressed to conserve Mount

Gorongosa, the project wants to partner with the private sector, much in the same way they have with the tourist industry partner in the park. However, where possible, the GRP would like to build the Gorongosa brand for multiple products and look for markets beyond Mozambique.

Democracy and Governance

SPEED's work on democracy and governance this quarter has focused on improving **transparency** around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this quarter SPEED has raised the quality and level of dialogue around the country's **resource boom**, especially around government absorptive capacity. This agenda item will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework that would formalize public participation in the policy process.

Impact of the resource boom on the economy

Context. Mozambique is rapidly transforming into a mineral resource-rich economy. Coal is already being exported from the Northern Province of Tete. Forecasts indicate that coal exports could well reach 150 million ton per year if basic transport and port infrastructure is put in place. In addition, Mozambique continues to see its natural gas potential expand every year as new reserves are found, evaluated and confirmed. Mozambique during the decades of the 2020s and 2030s could well be among the top 10 major world exporters of natural gas, mobilizing enormous flows of foreign exchange and budget revenues from the extractives sector.

This resource boom is a tremendous opportunity for the Mozambican economy if this wealth is converted into jobs, improved human capital and institutional capacities, and development of basic infrastructure and utilities. The critical development issue for Mozambique is to sustain accelerated growth while also diversifying its economy to mitigate the possible negative impacts like the resource curse and Dutch disease. Key risks include accelerated corruption, the gradual disappearance of tradable sectors, high inflation and eventually political turmoil. Over the past few years, SPEED has been driving research and thinking in the country about the resource curse, Dutch disease, absorption capacity, exchange rate and business environment.

Earlier this fiscal year, SPEED prepared a concept note – [Extractive Industries in Mozambique](#) that discusses the challenges ahead and proposes areas where USAID/SPEED could assist through research and policy recommendations. In addition, SPEED prepared a note on [absorption capacity](#), which expands on one of the key themes in the concept note.

This quarter. Most of the work in this quarter was directed to identifying potential candidates to produce a competitiveness study for SPEED. A draft Scope of Work has been prepared and will be submitted for approval shortly.

In addition a couple of blogs were prepared and posted on SPEED's webpage. These blogs are related to (i) is this the moment to [renegotiate contracts](#) with mega-projects or to invest in capacity building and institutions to enhance government capacities to better negotiate the large natural gas and coal contracts? (ii) [gas in the ground](#), money in the bank? and (iii) [transforming natural resources](#) into growth. Another blog covered the potential for [business linkages](#) with the extractive sector and success factors for this.

Results. Action was set to prepare a scope of work that will assist SPEED and USAID to make decisions on research to deal with competitiveness.

Next steps. A consultant will be recruited to identify the main issues related to competitiveness in Mozambique, how these affect economic growth and prospects and which issues should be investigated to determine policy action to be proposed to the private sector and government.

Extractive industries contract negotiation

Context. Mozambique is emerging as a resource-rich country following large coal and gas discoveries. While this development is attracting large investments in the country there are growing concerns related to governance, transparency and capacity to manage and negotiate contracts. SPEED has conducted research to inform policy choices in management of these resources and supports civil society initiatives that demand greater transparency.

This quarter. SPEED supported a public lecture given by Professor Jenik Radon from Columbia and Stanford Universities. The event was organized by the Observatório Moçambicano da Governação. Radon led a presentation and an open discussion of 'How to Negotiate Petroleum Products Contracts'. The lecture was well attended by different stakeholders from government, extractive industry, jurists, researchers, students, and civil society. The lecture highlighted the legal issues the government of Mozambique should emphasize in their negotiations with extractive industries companies. He indicated that the government has a lot more bargaining power than typically assumed when negotiating contracts. He highlighted the need for definition and clarity in the use of all terms in contracts to avoid ambiguity, confusion and future costly mistakes. Professor Radon offered several 'Dos and Don'ts' to consider when drafting and negotiating contracts in extractive industry.

Results. This work contributed to capacity development in contract negotiation and provided insights with potential to foster governance and transparency. In future, similar events can be replicated and be extensive to targeted selected group of practitioners and decision makers.

Next steps. None anticipated.

Quelimane Municipal Audit

Context. The Mayor of Quelimane City, Manuel de Araujo, requested SPEED's support to carry out an audit of the Municipal accounts. The overall objective is to obtain a professional opinion of an independent auditor on financial and operational reporting, evaluate the internal control system and understand the use of municipal resources, in accordance with the government's rules on public finance management. Last fiscal year, SPEED conducted a transparent procurement process that selected KPMG to undertake the audit.

In December 2012, KPMG finalized the audit and a draft report which states that they found it impossible to issue an opinion. The Management Letter stating a "no opinion" was submitted to the mayor.

This quarter. SPEED continues to await the feedback of the Quelimane mayor.

Results. The completed audit underlines the message that the current mayor inherited a financial situation that is in complete shambles.

Next steps. Once KPMG receives feedback from the mayor of Quelimane, they will submit a final report.

Formalizing public participation in the policy process

Context. Currently, the process for incorporating the public's view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. SPEED is working with CTA and the law firm SAL & Caldeira to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment. This one-year activity involves forming a stakeholder group, analyzing the policy process, conducting consultations and drafting legislation.

S&C presented a draft law for discussion in October 2012, with the expectation that CTA would send it, along with a letter to UTREL and the government, triggering a series of consultations on the law itself. Given that the law affects more than just the private sector and incorporates all of Mozambican society into the policy process, CTA has decided to partner with other civil society organizations to present the law jointly to the government, which will take more time.

This quarter. CTA worked with CIP and other civil society organizations to gain support for the new law.

Results. Once approved, this legislation will greatly enhance the private sector's ability to influence public policy.

Next steps. CTA will convene other organizations to present the law to the government, and then S&C will launch a consultative process with the private sector, civil society and government to discuss the law.

Support to publish book on Public Probity Law

Context. In 2011, SPEED supported an [analysis of the anti-corruption package](#) under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Publica (Public Probity Law). This law, which was passed in May 2012, contains conflict of interest and declaration of assets provisions that are important for fighting corruption.

This quarter. SPEED is supporting UTREL (Legal Reform Technical Unit - a public institution subordinated to the Commission for Public Sector Reform and overseen by the Minister of Justice) to publish a book on the Public Probity Law - Annotated and Commented. The contract with the service provider for the book was signed, the layout of the book has already been approved by UTREL and production is underway.

Results. None yet, but 50,000 books will be produced and disseminated across the country.

Next steps. Will work with UTREL to distribute the book across the country.

Support to Attorney General's office

Context. Following the passage of the Public Probity Law in May 2012, donors shifted their efforts toward helping the government implement the law. The Attorney General's office requested the support of a short-term consultant to assist in identifying and/or updating the financial gaps in the Attorney General's office (PGR) and the Central Office for Combating Corruption (GCCC) strategic plans, map the pledged/committed external funding, and draft a consolidated operational plan.

The consultancy produced a results tree that will guide the implementation of the PGR and GCCC strategic plans, including new anti-corruption legislation. The work will in turn eventually enable the disbursement of over \$6 million in external funding; assisting the PGR in setting up the new bodies the legislation requires more effectively preventing and prosecuting corruption.

This quarter. The first draft of the PGR-specific Description of Action document for the EU agreement was completed at the end of the January 2013 and discussion progressed in February 2013. The document of Revised Activity and Milestone Schedule for USAID agreement, including activity descriptions, an input- based budget, and a disbursement schedule has been completed. The initial Comprehensive Results Based Management (RBM) Tree to the activity level for the PGR/GCCC Strategic Plans has been completed for both organizations and was delivered to both EU and USAID.

Results. The PGR and GCCC now have a reasonable and implementable plan, with a few gaps. From a capacity development perspective, this project has created conditions for the PGR and GCCC staff to engage in the normal planning operations and challenges, aligning their strategic objectives with the emerging medium term planning, identifying and selecting priorities and reaching agreement on resource allocation- these learning by doing process have contributed to capacity development on the one hand and on the other increased the recognition of the team on the implementation and organizational challenges that are ahead.

Next steps. The documents will be submitted by the PGR to the donor agencies and PGR and GCCC will sign the Financing Agreements with USAID and the EU.

MANAGEMENT AND ADMINISTRATION

Staff movements

In February 2013, Maria Nita Dengo joined the SPEED team as a Business Environment Project Manager, and has taken over all SPEED's work on communications and will oversee work on land and other strategic issues. Additionally, the SPEED team welcomed long-term consultant Horacio Morgado, who leads SPEED's work on business environment issues as well as the relationship with the Tax Authority on a range of topics.

IPEME local currency funds

Context. Mozambique's SME promotion institute, IPEME, received \$1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funds were disbursed to support a multi-year program of IPEME activities with SMEs. However IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on their behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities, and as completed a parallel contract to receive and manage these funds.

This quarter. SPEED worked with IPEME staff on the procurement process for several activities and also participated in the evaluation of implementation of IPEME's 2012 action plan and design and discussion of the plan for 2013.

Results. The SME portal was concluded and the draft version was presented and approved by IPEME. The assignment of marketing plan and feasibility of CTCs for Chokwe and Boane was initiated and the draft report will be presented in the next quarter.

Next steps. SPEED will continue work with IPEME to implement the current workplan assuring the timely and quality deliverables and also to design the work plan for 2013.

USAID CDCS support

Context. The USAID Mission in Maputo is in the process of designing its five-year country strategy. The strategy process is quite comprehensive, covering several sectors. The Mission asked SPEED to prepare and execute scopes of work for assessments in two areas: land and extractive industries. SPEED's role was relatively minimal on the land assessment, limited to contracting key local consultants. On the extractive industries assessment, which cuts across several sectors (ATB, health, education, governance, etc.), SPEED played a more active role in managing a larger team.

This quarter. SPEED managed in the extensive work done by the 5-specialists team preparing the USAID CDCS in extractive industries. A draft assessment and recommendations report was prepared by the team. The report includes an extensive collection and information analysis on the impact of the extractive industries in Mozambique and countries facing similar situations, and draws a long-list of well-researched recommendations and policy instruments that USAID could use to target its assistance to Mozambique.

Results. SPEED ensured that the large team could deliver their job with quality and on time. SPEED also dedicated an enormous amount of time and effort to edit the main report, turning it into a user-friendly analysis and recommendations. SPEED also produced an executive summary to the report.

Next steps. SPEED will obtain final approval from USAID and will discuss with them how to better disseminate and communicate such significant analytical work. SPEED would also like to explore the preparation of small notes on some specific issues raised by the report as well as to have blogs on some critical issues, and recommendations. These will be discussed with USAID.

Communication for Policy Change (C4PC) initiative

Context. Over the years, USAID and others have conducted extensive analysis of the policy environment for business. Hundreds, if not thousands of policy reforms have been proposed. However, most of those recommendations remain unimplemented. Finding the right messages and influencing model that will spur policymakers to change their mindsets, behaviors and policies will be critical for the success of SPEED over the coming years.

The Communications for Policy Change (C4PC) initiative will engage stakeholders to support Mozambique reform process in three priority areas: 1) Macro and Resource boom, 2) Business Environment and 3) Agriculture and Agribusiness. In December 2012, SPEED Retreat undertook a detailed discussion of how to improve SPEED collective communications to influence current and future policymakers to make the kinds of decisions today that will place Mozambique on a sustainable and equitable development path going forward. Preliminary design to shape future C4PC emerged from this retreat and Management took a decision to hire consultancy services to assist SPEED in the development of C4PC.

This quarter. A consultant was contracted to support SPEED in the design of a communications strategy which, inter alia, will deliver credible, relevant and compelling messages to persuade and call stakeholders to action regarding key reform processes in Mozambique.

Results. None yet. The C4PC is expected to raise the voice and build pressure for reforms that will positively impact on business environment in Mozambique. It will contribute to build ownership and engagement of national stakeholders to pursue the business environment reform agenda in the country.

Next steps. Next quarter SPEED will begin applying the C4PC strategy to a few key messages.

Website upgrade

Context/this quarter. SPEED's previous website was originally designed several years ago. It has served the program well but needed a redesign. The overall objective of the [new website](#) is to restructure a wealth of information in a way that helps quickly guide visitors to the content they seek. This quarter the site launched several new publications (see Annex 2) and a blogging feature that SPEED hopes to utilize as an important tool for disseminating information and discussion about its work.

Results/next steps. SPEED developed a new user-friendly website. The site has recently launched with much updated information on trade, competitiveness and business has been on the site on regular basis. The SPEED team is continuing undergo training to use the site and continue to add new content to the website.

ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Institution	Client	Category	Participants		
							M	F	Subtotal
FY 2013 Q1	24-Oct-12	SME linkages to extractive industries though	Beira	CTA		PS, CSO	48	8	56
	25-Oct-12	SME linkages to extractive industries though	Maputo	CTA		PS, CSO	54	17	71
	19-Nov-12	Land Tenure, Property Rights, and Conflict As	Maputo	Centro Terra Viva		PS, CSO	11	8	19
	28-Nov-12	Tributacao no Sector Agricola	Maputo	CTA/ TA		PS, CSO	53	12	65
	12-Dec-12	SPEED Retreat	Catembe	SPEED		PS, CSO	23	6	29
		Subtotal					189	51	240
		Subtotal (cumulative)					189	51	240
FY 2013 Q2	19-Feb-13	Gorongosa Mountain workshop	Indy Village	AgriFuturo		Donor	17	23	40
	8-Mar-13	CASP	Centro J Chissano	CTA		PS, CSO	802	39	841
	15-Mar-13	Streamlining Apprication Forms	Hotel Avenida	Sal & Caldeira, MIC		PS, CSO	22	11	33
	21-Mar-13	Contract Negotiation Workshop	Hotel Avenida	Observatorio Mocambicano de Governacao		PS, CSO	71	14	85
	26-Mar-13	Electronic Single Window	Indy Village	ACIS		PS, CSO	39	10	49
	27-Mar-13	Electronic Single Window	Hotel Rainbow	ACIS		PS, CSO	25	4	29
	27-Mar-13	Non Fiscal Barriers	Hotel Rainbow	CTA		PS, CSO	31	8	39
		Subtotal					1,007	109	1,116
		Subtotal (cumulative)					1,196	160	1,356

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN Q1 2013

SPEED Publications: Studies and Reports				
Date of Publication	Title	Author(s)	File link Portuguese/English	
28-Jan-13	2013 SPEED Report 001:Survey on Trade Needs Information	Eugénio Chimbutane	Portuguese	
1-Apr-13	2013 SPEED Report 002:Single Window Assessment	William Claypole	Portuguese	English

SPEED Publications: Notes, Briefs and blogs				
Date of Publication	Title	Author(s)	File link Portuguese/English	
22-Feb-13	2013 SPEED Note 001:Single Window Assessment	Antonio Franco	Portuguese	English
22-Feb-13	2013 SPEED Presentation 001:Single Window Assessment	William Claypole & Maria Nita Dengo	Portuguese	English
22-Feb-13	BLOG: When linkages work	Leida Schuman		English
22-Feb-13	BLOG: Tributação a Agricultura um Incentivo para o Aumento da Riqueza Familiar	Horacio Morgado	Portuguese	

27-Feb-13	BLOG: Doing Business 2013 – “Camarão que dorme, a onda leva..”!	Rosario Marapusse	Portugues e	
1-Mar-13	BLOG: Será que a Lei da Insolvência vai Acelerar o Desenvolvimento Empresarial?	Horacio Morgado	Portugues e	
2-Mar-13	BLOG: Desvios de Fundos do Orçamento de Estado!	Antonio Franco	Portugues e	
12-Marc-13	BLOG: Can Access to Trade Information Facilitate International Trade?	Horacio Morgado		Englis h
14-Mar-13	BLOG- Vamos Renegociar Contractos Agora ?	Antonio Franco	Portugues e	
15-Mar-13	BLOG -Janela Única Eletrónica um Desafio de Louvar	Antonio Franco	Portugues e	
19-Mar-13	BLOG: 13ª CASP Uma Oportunidade Perdida ou a Mesa Com o Presidente pela 13ª Vez?	Tomas Manhicane	Portugues e	
22-Mar-13	BLOG: “Gas in the ground ≠ Money in the Bank”	Brigit Helms		Englis h
29-Mar-13	BLOG: Transformar recursos minerais em crescimento económico e social	Antonio Franco	Portugues e	

ANNEX 3: SUMMARY PMP TABLE

PMP #	PMP Name	Legal Instrument	Stages Achieved this quarter FY2013 Q2
6	Insolvency law	Policy	4. Passed
9	Competition law	Policy	4. Passed
21	EIT policy	Policy	5. Implementation begun
35	International trade website	Admin Procedures	2. Presented for consultation
			3. Presented for legislation
			4. Passed
36	Single Electronic Window procedures	Admin Procedures	2. Presented for consultation
			3. Presented for legislation
37	Tax payments procedures	Admin Procedures	1. Analyzed
38	Open skies	Policy	1. Analyzed
40	Streamlining application forms for starting a business	Regulation	1. Analyzed
			2. Presented for consultation
41	Agriculture policy commitments under the New Alliance	Policy	5. Implementation begun
43	Non-tax barriers to agriculture	Policy	1. Analyzed
			2. Presented for consultation
44	Streamlining business registration	Admin Procedures	1. Analyzed
			4. Passed